

التاريخ: 2017/04/13

اشارتنا رقم: ج/م/899/2017

السادة
* د. وليد زعرب
* السيد عبد الله
السيد محمد

السادة هيئة الأوراق المالية المحترمين،
دائرة الإفصاح،
عمان - الأردن

تحية طيبة وبعد،

يسرنا دعوتكم لحضور اجتماع الهيئة العامة للشركة الذي يصادف يوم الاحد الموافق في 2017/4/23 في تمام الساعة 11:30 صباحاً بمبنى الشركة الاردنية الفرنسية للتأمين الطابق الخامس لذا يرجى التكرم بتسمية ممثلكم لحضور الاجتماع. كما نرفق لكم (3) نسخ من التقرير السنوي لعام 2016.

مع فائق التحيات والتمنيات ،،،

الشركة الأردنية الفرنسية للتأمين
المساهمة العامة المحدودة

د. وليد زعرب
عضو مجلس الادارة / المدير العام



مرفقات:
١/ ص / رك

JORDAN FRENCH INSURANCE COMPANY

(PUBLIC SHAREHOLDING COMPANY)

FINANCIAL STATEMENTS AND

CERTIFIED PUBLIC

ACCOUNTANT'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

JORDAN FRENCH INSURANCE COMPANY
(PUBLIC SHAREHOLDING COMPANY)

**FINANCIAL STATEMENTS AND CERTIFIED PUBLIC ACCOUNTANT'S
REPORT**
FOR THE YEAR ENDED DECEMBER 31, 2016

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CERTIFIED PUBLIC ACCOUNTANT'S REPORT

**To the shareholders
Jordan French Insurance Company**

Report on the Financial Statements

We have audited the accompanying financial statements of Jordan French Insurance Company (P.L.C), which comprise of the statement of financial position as of December 31, 2016, and the related statements of comprehensive income, Statement of owners' equity and statement of cash flows, for the year then ended, and a summary of significant accounting policies and other explanatory information.

Basis for Opinion

In our opinion, the financial statements present fairly, in all material respects, the statement of financial position of Jordan French Insurance Company (P.L.C) as of December 31, 2016, and its financial performance and cash flows for the year then ended are in accordance with International Financial Reporting Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our audit opinion.

Key audit matters

Key audit matters, according to our professional judgment are matters that had the significant importance in our auditing procedures that we performed to the financial statement. The basic auditing matters have been addressed in our auditing workflow to financial standards as we do not express separate opinions.

- Account receivables – net

In accordance with International Financial Reporting Standards, the company has to review the calculation of Account Receivables Impairment Provision, the company assesses the decline in Account Receivables through assumptions and estimations, and considering its importance it is considered one of the significant Audit Risks, and the Account Receivables Provision has been recognized.

- Unearned and unreported claims provisions

In accordance with International Financial Reporting Standards, and considering the nature of provision recognition the company has to make provisions that is related to the nature of insurance transaction and the technical advantages, and it is only required for insurance companies, the provision are an important element for the company to match with contingencies, but it cannot be accurately determined, so the company has to consider the studies of assumptions and estimations through technical experts reports (Actuary Report).

Key Audit matters procedures**- Account receivables – net**

Our Audit procedures included the review of internal control of Account Receivable Collection, and ascertaining a sample of clients accounts through direct confirmations, and then reviewing the provision of account receivables and that through the assumptions the management considers and considering the risks of deferred accounts, and we have also assessed the efficiency of disclosures. The company has increased the provision to JD 181,147 and so the amount of accounts receivables is reported at fair value as of December 31, 2016.

- Unearned and unreported claims provisions

Our Audit Procedures included the process of provision recalculation in accordance with The Insurance Committee, so a sample of unearned claims has been reviewed through insurance policies from different branches and ascertaining that it is recognized on the periods on which they belong and it amounted JD 5,285,716 and the claims have been reviewed through its occurrence and comparing it to previous fiscal years, and the actuary reports have been taken into consideration so the provisions are precisely made, and it amounted JD 6,231,281 and based on that the provisions are reported.

Other information:

The management is responsible for other information.

Which includes other information reported in the final report, but not included in the financial statements and our audit report on it.

Our opinion does not include these other information, and we do not express any assertion over it regarding our consolidate financial statement we are obliged to review these other information, and while that, we consider the compatibility of these information with their consolidates financial statement. If we detected based on our audit, the existence of significant errors in the information, we are obliged to report this fact. Regarding this, we have nothing to report.

Management responsibility of the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. And for such internal control, management is determined to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Certified public accountant responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require us to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

As part of an audit in accordance with The International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the initial Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the Going Concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the initial Financial Statements, including the disclosures, and whether the initial Financial Statements represent the underlying transactions and events in a manner that achieves Fair Presentation.
- We communicated with audit the Financial Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Legal requirements report

The Company maintains proper books of accounting records which are in agreement with the accompanying financial statements and with the financial information included in the Board of Directors report, and we recommend the General Assembly to approve the financial statements.

الموافق ٩ شباط ٢٠١٧
في عمان - الأردن
الموافق ٩ شباط ٢٠١٧
في عمان - الأردن

Amman- Jordan
February 9, 2017

JORDAN FRENCH INSURANCE COMPANY
(PUBLIC SHAREHOLDING COMPANY)

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

	Note	2016	2015
Assets			
Deposits at banks	32, 5	6,687,204	4,927,527
Financial asstes designated at fair value through statement of comprehensive income	6	11,453	12,550
Financial asstes designated at fair value through statement of other comprehensive income	7	2,658,891	3,022,638
Investements in Real Estate	8	1,214,871	1,224,479
Total investements		10,572,419	9,187,194
Cash on hand and at Banks	32, 9	2,475,711	2,463,721
Cheques under collections and notes receivables	10	1,165,076	1,160,387
Account receivables – net	11	9,279,480	9,060,973
Receivables from reinsurance companies	12	2,045,042	2,040,221
Deferred Tax assets	13/A	1,116,894	901,114
Property and equipment- net	14	1,807,044	1,702,564
Other assets	15	826,436	820,426
Total assets		29,288,102	27,336,600

The accompanying notes are an integral part of these financial statements

JORDAN FRENCH INSURANCE COMPANY
 (PUBLIC SHAREHOLDING COMPANY)
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2016
 (EXPRESSED IN JORDANIAN DINAR)

	Note	2016	2015
Liabilities and shareholders' equity			
Liabilities			
Net unearned premiums provision		5,285,716	5,123,310
Net claims provision		6,231,281	5,457,358
Net provision	16	287,399	308,153
Total insurance contract liabilities		11,804,396	10,888,821
Due to Banks	32, 17	2,193,313	2,095,708
Accounts payables	18	3,554,029	3,224,680
Payables to reinsurers	19	1,898,085	2,999,588
Miscellaneous provisions	20	328,047	312,238
Income tax provision	13/B	498,981	394,850
Other payables	21	691,282	334,808
Total liabilities		20,968,133	20,250,693
Shareholders' equity			
Declared Capital		9,100,000	9,100,000
Paid Capital	22, 1	9,100,000	9,100,000
Statutory reserve	23	1,569,638	1,368,478
Accumulated change in fair value	24	(1,259,167)	(895,420)
Accumulated Losses	25	(1,090,502)	(2,487,151)
Total Shareholders' Equity		8,319,969	7,085,907
Total Liabilities and shareholders' Equity		29,288,102	27,336,600

The accompanying notes are an integral part of these financial statements

JORDAN FRENCH INSURANCE COMPANY
(PUBLIC SHAREHOLDING COMPANY)

INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

	Note	2016	2015
REVENUES			
Gross premiums		25,815,259	24,999,475
Less: premiums ceded to reinsurers		(6,206,574)	(5,904,286)
Net premiums		19,608,685	19,095,189
Net change in unearned premiums provision		(162,406)	(1,160,036)
Net change in accounting provision		20,754	58,931
Net earned premiums		19,467,033	17,994,084
Received commission		473,713	382,459
Revenue allocated to insurance department and other fees		1,642,191	1,776,603
Other Fees	34	868,090	663,582
Bank interest	26	128,197	106,632
Net gain from financial assets and investment	27	21,493	33,781
Other revenues	28	54,891	46,904
Total revenues		22,655,608	21,004,045
Claims, losses and expenses :			
Gross claims paid		21,952,721	20,184,817
Incurred and matured policies		8,710	4,000
Less: recoveries		4,313,453	3,675,143
Less: reinsurers share		3,809,928	4,225,559
Net paid claims		13,838,050	12,288,115
Net change in claims provision		773,923	1,207,929
Allocated employee expenses	29	2,490,338	2,203,492
Allocated administrative expenses	30	1,044,358	911,593
Excess of loss premiums		175,385	379,782
Cost of documents		573,152	626,348
Other expenses allocated underwriting		564,090	458,315
Net claims expenses		19,459,296	18,075,574
Unallocated employees expenses	29	622,585	550,873
Depreciation and amortization		119,893	103,314
Unallocated administrative expenses	30	261,090	227,898
Impairment of account provision		181,147	154,107
Total expenses		1,184,715	1,036,192
Net income before tax		2,011,597	1,892,279
Income tax / (tax surplus) for the year	13/B	(413,788)	(682,698)
Net income		1,597,809	1,209,581
Earnings per share JD/ share	31	0,18	0,13
Outstanding weighted average shares		9,100,000	9,100,000

The accompanying notes are an integral part of these financial statements

JORDAN FRENCH INSURANCE COMPANY
 (PUBLIC SHAREHOLDING COMPANY)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016
 (EXPRESSED IN JORDANIAN DINAR)

	2016	2015
Net income	1,597,809	1,209,581
Other comprehensive income :		
Change in fair value	(363,747)	81,535
Total comprehensive income	1,234,062	1,291,116

The accompanying notes are an integral part of these financial statement

JORDAN FRENCH INSURANCE COMPANY
(PUBLIC SHAREHOLDING COMPANY)
STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

					Accumulated losses			
	Note	Share capital	Statutory reserve	Accumulated Change in fair value	Realized	Unrealized profit	Accumulated losses *	Total owners' equity
<u>2016</u>								
January 1, 2016		9,100,000	1,368,478	(895,420)	(2,503,851)	16,700	(2,487,151)	7,085,907
Net income for the year		-	-	-	1,597,809	-	1,597,809	1,597,809
Change in fair value	25	-	-	(363,747)		-	-	(363,747)
Transfer to statutory reseve		-	201,160	-	(201,160)	-	(201,160)	-
December 31, 2016		9,100,000	1,569,638	(1,259,167)	(1,107,202)	16,700	(1,090,502)	8,319,969
<u>2015</u>								
January 1, 2015		9,100,000	1,179,249	(976,955)	(3,524,203)	16,700	(3,507,503)	(5,794,791)
Net income for the year		-	-	-	1,209,581	-	1,209,581	1,209,581
Change in fair value	25	-	-	81,535	-	-	-	81,535
Transfer to statutory reseve		-	189,229	-	(189,229)	-	(189,229)	-
December 31, 2015		9,100,000	1,368,478	(895,420)	(2,503,851)	16,700	(2,487,151)	7,085,907

* The accumulated losses include unearned gain amounted to JD 16,700 which is restricted under the instructions of Jordan Securities Commission (JSC).

The accompanying notes are an integral part of these financial statements

JORDAN FRENCH INSURANCE COMPANY
 (PUBLIC SHAREHOLDING COMPANY)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016
 (EXPRESSED IN JORDANIAN DINAR)

	2016	2015
Cash flow from operating activities		
Net income before tax	2,011,597	1,892,279
Adjustments on non-cash items :		
Depreciation and amortization	119,893	103,314
Gain from sale of property and equipment	(23,250)	-
Change in financial assets designated of fair value through other comprehensive income	1,097	15,934
Net unearned premium provision	162,406	1,160,037
Net outstanding claims provision	773,923	1,207,928
Net accounting provision	(20,754)	(58,930)
Compensation end of service provision	15,809	15,808
Allowance for doubtful accounts	50,000	154,107
Net cash available from operating before changes in working capital items	3,090,721	4,490,477
Cheques under collection and notes receivable	(4,689)	(541,720)
Accounts receivable	(268,507)	(1,872,880)
Accounts receivable from reinsurance	(4,821)	(377,248)
Other assets	(6,010)	(141,671)
Accounts payable	329,349	(356,801)
Accounts payables from reinsurers	(1,101,503)	(114,297)
Other payables	356,474	120,844
Net cash provided from operating activities before tax	2,391,014	1,206,704
Income tax paid	(525,437)	-
Net cash provided from operating activities	1,865,577	1,206,704

The accompanying notes are an integral part of these financial statements

JORDAN FRENCH INSURANCE COMPANY
(PUBLIC SHAREHOLDING COMPANY)
STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

	Note	2016	2015
Cash flows from investments activities			
Purchase of financial assets designated at fair value through other comprehensive income		-	(144,490)
Purchase property and equipments		(250,515)	(98,471)
Proceeds from sale of property and equipmint		59,000	-
amortaized of intangible assets		-	21,670
Net cash used in investments activities		(191,515)	(221,291)
Net changes in cash and cash equivalent		1,674,062	985,413
Cash and cash equivalent , January 1		5,295,540	4,310,127
Cash and cash equivalent , December 31	32	6,969,602	5,295,540

The accompanying notes are an integral part of these financial statements

JORDAN FRENCH INSURANCE COMPANY
**INCOME AND EXPENSES OF LIFE INSURANCE BRANCH FOR THE YEARS ENDED
DECEMBER 31, 2016**

	2016	2015
Underwriting Premiums		
Direct Business	1,402,604	1,346,956
Reinsurance Foreign Premiums Ceded	-	-
Gross Premiums	1,402,604	1,346,956
Reinsurance Foreign Premiums Ceded	(759,841)	(652,048)
Reinsurance Local Premiums Ceded	-	-
Net Premiums	642,763	694,908
Beginning Balance		
Beginning Balance Accounting Provision	540,944	659,541
Beginning Balance Reinsurance Share Ceded	(232,791)	(292,457)
Net Beginning Balance Accounting Provision	308,153	367,084
Ending Balance		
Ending Balance Accounting Provision	(528,461)	(540,944)
Reinsurance Share Ceded	241,062	232,791
Net Ending Balance Accounting Provision	(287,399)	(308,153)
Net Premiums Income Earned	663,517	753,839
Paid Compensations	(880,539)	(640,568)
Incurred and Matured Policies	(8,710)	(4,000)
Foreign Reinsurance share of Compensations Ceded	670,199	278,318
Net Paid Compensations	(219,050)	(366,250)
Ending Balance Claims Provision	(111,212)	(110,912)
Reinsurance share Ceded	91,970	87,229
Net Ending Balance Claims Provision	(19,242)	(23,683)
Beginning Balance Claims Provision	110,912	225,733
Reinsurance share Ceded	(87,230)	(179,086)
Net Opening Balance Claims Provision	23,682	46,647
Net Claims Cost	(214,610)	(343,286)
Net Premiums Income Earned		
Subtract	663,517	753,839
Net Claims Cost	(214,610)	(343,286)
Add :		
Earned Commissions	5,724	31,831
Issuing Insurance Policies Service	27,056	53,474
Other Revenues	5,294	3,796
Total Revenues	38,074	89,101
Subtract		
Paid Commissions	(32,114)	(16,261)
Underwriting Accounts Administrative Expenses	(186,937)	(163,779)
Other Expenses	(45,626)	(7,113)
Total Expenses	(264,677)	(187,153)
Underwriting Profit	222,304	312,501

The accompanying notes are an integral part of these financial statements

Written Revenues for insurances for the years ended December 31, 2015 and 2016

	Vehicles		Marine and Shipping		Aviation		Fire and other property damages		Civil Responsibility		Insurance and Guarantee		Medical		Other Branches		Total	
Written insurances	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Direct insurance	11,823,100	11,380,430	861,706	1,333,237	805,134	795,670	1,680,796	1,376,286	82,655	135,842	604,234	641,791	7,721,790	7,711,618	226,689	262,156	23,808,123	23,607,030
Optional insurance	0	0	151,888	0	0	0	452,464	45,154	180	336	0	0	0	0	0	0	604,532	45,490
Total Claims	11,823,100	11,380,430	1,013,594	1,333,237	805,134	795,670	2,133,260	1,421,440	82,835	136,178	604,234	641,791	7,721,790	7,711,618	226,689	262,156	24,412,655	23,652,520
Deduct:																		
Local Reinsurance Claims	(358,405)	(327,286)	0	0	0	0	(499,984)	(103,999)	0	0	0	0	0	0	0	0	(858,388)	(431,285)
Foreign Reinsurance Claims	0	0	(874,803)	(1,092,415)	(620,742)	(576,420)	(1,011,961)	(844,866)	(56,828)	(71,229)	(359,163)	(440,437)	(1,653,776)	(1,788,458)	(6,071)	(7,130)	(4,588,245)	(4,820,955)
Net Claims	11,464,697	11,053,144	138,790	230,822	184,392	219,250	621,314	472,575	26,007	64,949	245,070	201,354	6,068,014	5,923,160	220,618	255,026	18,864,923	18,400,280
Add:																		
Beginning Balance																		
Unearned claims provision	5,005,233	3,424,772	237,295	233,488	175,116	370,060	643,217	541,251	60,640	6,003	304,886	313,384	431,005	925,382	44,442	464,101	6,921,833	6,270,541
Deduct reinsurers portion	(341,652)	(245,626)	(244,430)	(221,813)	(172,838)	(367,737)	(601,734)	(508,333)	(57,608)	(5,703)	(164,729)	(175,322)	(215,302)	(511,604)	0	(279,079)	(1,798,324)	(2,318,267)
Net unearned claims provision	4,663,581	3,179,146	12,865	11,675	2,277	2,323	41,483	32,968	3,032	300	140,157	138,062	215,302	413,778	44,442	185,022	5,123,509	3,952,274
Deduct Ending Balance																		
Unearned claims provision	(5,108,108)	(5,005,233)	(364,709)	(237,295)	(243,180)	(175,116)	(890,295)	(643,217)	(48,448)	(60,640)	(288,826)	(304,886)	(511,004)	(451,005)	(3,546)	(44,442)	(7,489,318)	(6,921,834)
Deduct reinsurers portion	244,273	341,682	346,474	244,430	241,026	172,838	835,567	601,734	46,026	57,608	154,733	164,729	305,302	215,302	0	0	2,173,602	1,798,323
Net unearned claims provision	(4,863,835)	(4,663,551)	(18,235)	(12,865)	(21,154)	(2,788)	(54,828)	(41,483)	(2,422)	(3,002)	(134,193)	(140,157)	(295,502)	(235,502)	(3,546)	(44,442)	(5,265,716)	(5,123,511)
Net Revenues from earned revenues	11,265,413	9,546,739	133,419	229,652	184,515	219,295	607,270	464,060	26,617	62,217	251,054	199,259	6,073,014	6,121,435	261,514	295,606	18,803,516	17,240,243

Cost of compensations for the years ended December, 31 2015 and 2016

	Vehicles		Marine and Shipping		Aviation		Fires and other property damages		Civil Responsibility		Insurance and Guarantee		Medical		Other Branches		Total
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
Paid Compensations	(11,795,565)	(9,877,249)	(41,983)	(425,156)	0	0	(1,267,333)	(506,480)	(140,388)	(3,093)	(311,505)	(386,940)	(7,421,232)	(7,126,182)	(93,974)	(1,219,148)	(21,072,182)
Deduct: returns	3,333,336	2,760,553	0	0	0	0	391	29	15,000	0	311,505	386,940	648,239	479,708	4,782	47,913	4,313,455
Local Reinsurance Claims	28,838	10,653	0	0	0	0	107	624	0	0	0	0	0	0	0	0	28,945
Foreign Reinsurance Claims	55,992	483,310	39,587	414,590	0	0	1,233,623	389,287	105,718	2,778	0	0	1,638,389	1,533,587	37,475	1,110,414	3,110,784
Net paid compensations	(8,377,299)	(6,620,333)	(2,296)	(110,565)	0	0	(33,215)	(116,540)	(19,670)	(315)	0	0	(5,134,604)	(5,112,887)	(51,716)	(60,821)	(13,618,999)
Add:																	
Ending balance reported claims	(6,686,025)	(5,892,195)	(645,275)	(235,633)	0	0	(1,477,218)	(2,335,986)	(127,240)	(211,479)	(222,796)	(132,206)	(539,903)	(584,880)	(31,734)	(158,313)	(9,730,211)
Ending balance unreported claims	(2,150,000)	(1,710,000)	(50,000)	(55,000)	0	0	(100,000)	(50,000)	(15,000)	(2,000)	(100,000)	(3,000)	(403,268)	(415,254)	(10,000)	(56,000)	(2,828,268)
Reinsurers portion of reported claims	2,411,373	2,214,972	580,748	219,050	0	0	1,134,939	2,090,994	101,792	190,231	75,500	38,500	253,885	260,121	38,528	142,482	4,636,765
Reinsurers portion of unreported claims	0	60,000	40,000	44,000	0	0	80,000	40,000	12,000	1,600	50,000	1,500	212,590	204,748	8,000	50,000	402,590
Deduct: returns	1,307,086	838,993	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,307,086
Ending balance net claims provision	(5,117,566)	(4,468,230)	(74,527)	(45,603)	0	0	(312,279)	(254,992)	(28,448)	(21,548)	(197,296)	(95,206)	(476,696)	(536,265)	(5,226)	(21,831)	(6,212,038)
Deduct:																	
Beginning Balance reported claims provision	5,391,844	5,430,887	253,633	615,708	0	0	2,335,986	2,890,578	211,479	128,064	132,206	200,799	584,880	509,457	158,313	297,387	9,568,361
Beginning Balance unreported claims provision	1,710,000	1,372,000	55,000	38,000	0	0	50,000	20,000	2,000	2,000	3,000	8,000	415,254	412,000	56,000	130,000	2,291,254
Reinsurers portion of reported claims	(2,214,972)	(2,457,749)	(219,050)	(554,137)	0	0	(2,090,994)	(2,622,706)	(190,331)	(115,238)	(38,500)	(111,500)	(204,748)	(162,000)	(142,482)	(267,649)	(5,101,077)
Reinsurers portion of unreported claims	(60,000)	(102,900)	(44,000)	(30,800)	0	0	(40,000)	(16,000)	(1,600)	(1,500)	(4,000)	(269,121)	(197,012)	(50,000)	(114,000)	(466,221)	(466,312)
Deduct: returns	(838,993)	(1,094,766)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(838,993)
Beginning balance net claims provision	4,467,879	5,147,172	45,603	68,771	0	0	254,992	271,372	21,548	13,206	95,206	95,299	526,265	562,425	21,831	45,738	5,433,324
Net cost of compensations	(9,072,086)	(7,941,491)	(31,230)	12,602	0	0	(90,302)	(99,660)	(26,570)	(8,657)	(102,090)	(1,907)	(5,085,035)	(5,076,727)	(35,111)	(36,914)	(14,397,713)

Profit (Loss) for the years ended December 31, 2015 and 2016

	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	Vehicles		Marine and Shipping		Aviation		Fires and other property damages		Civil Responsibility		Insurance and Guarantee		Medical		Other Branches		Total	
Net Revenues from written installments	11,265,413	9,548,739	133,419	229,632	184,515	219,295	607,970	464,060	26,617	62,217	251,054	199,239	6,073,014	6,121,435	261,514	395,606	18,803,516	17,240,243
Net cost of compensations	(9,027,086)	(7,941,491)	(31,320)	12,602	0	0	(90,502)	(99,660)	(26,570)	(8,657)	(102,090)	(1,907)	(5,085,035)	(5,076,727)	(35,111)	(36,914)	(14,397,713)	(13,152,754)
Add:																		
Earned commissions	0	0	36,493	27,147	3,994	48,192	165,181	148,346	922	3,657	70,006	28,165	192,909	94,525	484	616	467,989	350,628
Insurance documents fees	884,420	831,037	5,774	4,439	6,200	11,174	64,890	63,097	4,450	8,143	445,614	433,101	194,932	371,265	8,856	873	1,615,134	1,723,129
Other Fees	705,809	618,561	2,806	12,374	0	0	455	110	0	0	0	0	153,705	28,741	20	0	862,795	659,786
Total Revenues	1,590,229	1,449,598	45,073	43,960	10,193	59,366	228,525	211,553	5,372	11,780	515,620	461,266	541,546	494,531	9,360	1,489	2,945,918	2,733,545
Deduct:																		
Documents costs	(360,362)	(433,626)	(17,143)	(12,173)	0	0	(58,645)	(55,268)	(3,130)	(2,682)	0	0	(100,847)	(105,594)	(911)	(743)	(541,037)	(610,086)
Loss excess payments	(175,385)	(379,782)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(175,385)	(379,782)
Administrative expenses	(1,670,105)	(1,456,548)	(135,091)	(160,895)	(107,307)	(96,747)	(284,318)	(177,738)	(11,040)	(11,556)	(80,534)	(78,037)	(1,029,151)	(937,685)	(30,213)	(32,101)	(3,347,760)	(2,951,307)
Other expenses	(161,706)	(90,930)	(14,766)	(8,247)	(1,159)	(8,178)	(14,376)	(10,346)	0	(54)	(10,507)	(12,685)	(278,191)	(295,533)	(37,318)	(25,228)	(518,113)	(451,201)
Total Expenses	(2,367,557)	(2,360,886)	(166,999)	(181,315)	(108,467)	(104,925)	(357,340)	(243,332)	(14,170)	(14,292)	(91,131)	(90,722)	(1,408,139)	(1,338,812)	(68,442)	(58,072)	(4,582,295)	(4,392,576)
Profit (Loss)	1,460,999	695,960	(19,826)	104,879	86,242	173,736	388,653	332,601	(8,752)	51,048	573,455	567,896	121,336	200,427	167,321	302,109	2,769,426	2,428,656

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1. ORGANIZATION AND ACTIVITIES

Jordan French Insurance Company is a Jordanian public shareholding Company ("the Company"), was registered on March 20, 1976 under Commercial registration number (101). The Company's share capital is JD 9,100,000 divided into 9,100,000 shares, the par value is one JD per share.

The Company engages in business of insurance in all kind.

A) Life Insurance:

- Life Insurance
- Pension Insurance
- Investments Insurance
- Perpetual Health insurance

B) General Insurance:

- Medical Insurance
- Marine and shipping insurance
- Flight Insurance
- Fire and property damage insurance
- Vehicles Insurance
- Accidents Insurance
- Responsibility Insurance
- Assurance insurance
- support insurance

The board of director approved the accompanying financial statement at meeting which was held on January 9, 2017 and its pending for approval from the General authority of shareholders.

2. BASIS OF PREPARATION

These financial statements were prepared in accordance with the International Reporting Financial Standards issued by The Board of international accounting standards and in accordance with the local regulations and in accordance with the Insurance committee.

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The financial statements have been prepared on historical cost basis except for the financial assets designated at fair value through comprehensive income statement and the financial assets designated at fair value through other comprehensive income that are stated at fair value as of the date of financial statements. Moreover, reserved financial assets and financial liabilities are stated at fair value.

The Financial statements have been presented by the Jordanian Dinar as it is the main currency of the company.

The followed policies for the year are the policies followed previous year, except for what has been disclosed in the change of accounting policies.

Use of estimates

Preparation of the financial statements and application of the accounting policies require the Company's management to perform estimates and judgments that affect the amounts of the financial assets and liabilities, and disclosures relating to contingent liabilities. These estimates and judgments also affect revenues, expenses, provisions and changes in the fair value shown within comprehensive income. In particular, management is required to issue significant judgments to assess future cash flows and their timing. The above mentioned estimates are based on several assumptions and factors with varying degrees of estimation and uncertainty. Moreover, the actual results may differ from the estimates due to changes resulting from the circumstances and situations of those estimates in the future.

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We believe that the estimates within the financial statements are reasonable, and the details are as follows:

Management periodically evaluates the productive lives of tangible assets for the purpose of calculating annual depreciation based on the general condition of those assets and the estimates of their expected productive lives in the future. Any impairment loss is taken to the statement of comprehensive income.

The Company allocates provision for doubtful debt after studying the ability of debt collection. The Company allocates to each financial year its own income tax expense according to the applied laws and regulation.

Provision is made allegations technical provisions is estimated based on technical studies and in accordance with the instructions of the Insurance Commission as the arithmetic provision is calculated according to actuarial studies.

The Company allocates provision for the cases upload against it depending on the estimate of the Company's lawyer.

The management regularly reviews financial assets stated at cost to estimate any impairment in value and are taking this decline in the income statement for the year.

3. NEW AND REVISED STANDARDS AND AMENDMENTS TO IFRSs IN ISSUE BUT NOT YET EFFECTIVE:-

The following new standards and amendments to the standards have been issued but are not yet effective and the Company intends to adopt these standards, where applicable, when they become effective.

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New Standards

Effective Date

(IFRS) No.9 – Financial Instruments

January 1, 2018

(IFRS) No.15 – Revenues from Customers Contract

January 1, 2018

(IFRS) No.16 – Leases

January 1, 2019

Board of directors of the company is expecting that the application of these standards and interpretations will not have a substantial impact on the Company's financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The sectoral report represents

The business sector represents a collection of assets and operation engaged together in providing product or services subjected to risks and returns that are different from those of other business sectors, which are measured according to the reports that are used by the executive director and the main decision – markers in the Company.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives.

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The amount initially recognised for internally-generated intangible assets is recognised in profit or loss in the period in which it is incurred.

At the financial statement date, the Company reviews whether if there is any indication that the assets have suffered an impairment loss.

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Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditures on maintenance and repairs are expensed. While expenditures for betterment are capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight-line method. The estimated rates of depreciation of the principal classes of assets are as follows:

	Annual depreciation rate
Buildings	2%
Equipments, devices and furnituer	10-15%
Vehicle	15%
Computer equipments and software	40%

Useful lives and the depreciation method are reviewed periodically to make sure that the method and amortization period appropriate with the expected economic benefits of property and equipment.

Impairment test is performed to the value of the property and equipment that appears in the interim Statement of Financial Position When any events or changes in circumstances shows that this value is non-recoverable.

In case of any indication to the low value. Impairment losses are calculated according to the policy of the low value of the assets

At the exclusion of any subsequent property and equipment. recognize the value of gains or losses resulting. Which represents the difference between the net proceeds of exclusion and the value of the property and equipment that appears in the interim Statement of Financial Position. Gross Profit and loss.

Investments in affiliated companies

Affiliates are those companies which the company has effective influence on decisions regarding the financial and operating policies (as the company has no control) which the company owns between 20% to 50% of the voting rights, and investments are shown in affiliated companies under the equity method.

Income and Expenses arising from transactions between the Company and its affiliates are excluded, and according to the company's proportion of the contribution in these companies.

Financial assets at amortized cost

-Financial assets at amortized cost are the financial assets which the company management intends according to its business model to hold to collect the contractual cash flows which comprise the contractual cash flows that are solely payments of principal and interest on the principal outstanding.

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- Financial assets at amortized cost are recorded at cost upon purchase plus acquisition expenses. Moreover, the issue premium\discount is amortized using the effective interest rate method, and recorded to interest or in its account. Any allocations resulting from the decline in value of these investments leading to the inability to recover the investment or part thereof are recorded, and any impairment is registered in the statement of income.

- Impairment in financial assets recorded at amortized cost is determined on the basis of the difference between the book value and the present value of the expected cash flows discounted at the effective interest rate.

Financial assets designated at fair value through statement of comprehensive income

Financial assets are classified as at fair value through statement of income when the financial asset is either held for trading or it is designated as at fair value through statement of income. A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through statement of income upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at fair value through statement of income.

Financial assets at fair value through statement of income are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the income statement.

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Reclassification

Financial assets from amortized cost may be re-classified to financial assets at fair value through the income statement and vice versa only when the entity changes the business model that was classified on basis of those assets, taking into consideration the following:

- Profits or losses or benefits that has been recognized previously may not be recovered•
- When re-classification of financial assets so that they are measured at fair value the fair value is then determined at the date of reclassification, any gain or loss arising from the difference between the previously recorded value and fair value in the income statement are classified.

Financial assets specified at fair value through statement of other comprehensive income

Specific financial assets at fair value through statement of other comprehensive income are non-derivative financial assets, the purpose of the acquisition is to keep them as available for sale until the date of maturity, not for trading.

Differences in the change in fair value of financial assets specified at fair value through other comprehensive income statement are recorded in other comprehensive income statement.

Financial assets specified at fair value through statement of other comprehensive income that is have a market prices stated at fair value after deducting any accumulated Impairment losses in its fair value.

Financial assets specified at fair value through statement of other comprehensive income that is do not have a market prices and cannot determine the fair value stated at cost and any Decline in its value recorded in other comprehensive income statement.

Profits and losses resulting from differences of foreign currency translation for the debt instruments are recorded within the financial assets specified at fair value through other comprehensive income statement in the statement of other comprehensive income, while differences from foreign currency translation for the debt instruments are recorded in the accumulated change in fair value in owners' equity.

The Decline in value of the financial assets

In date of each statement of financial position, values of the financial assets have been reviewed , to determine if there indication to decline in its value.

As for the financial assets such as trade accounts receivable and assets was evaluated as individual

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low-value , were evaluated for the decline in the value on a collective basis. The substantive evidence for decline in portfolio of the accounts receivable includes the past experience about the collection of payments. And the increase in the number of the late payments portfolio (which it's beyond the rate of borrowing)also it includes the significant changes in the international and local economic conditions that are related with non-collection of accounts payable.

The Reduce in the listed value of the financial assets is the amount of loss decline of value directly. And this is for all the financial assets except the trade accounts receivable as the listed value had been reduced by provisions accounts . when is one of the accounts receivables are non-collected then write off the amount of this debt and the equal amount from account of provisions.

The changes in the listed value for the provisions account recognized in statement of comprehensive income.

As for the ownership equity tools which are available for sale , decline losses are not closed in the recognized value in the statement of comprehensive income. However any increase in the fair value become after decline loss has recognized directly in statement of owner's equity.

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Offsetting

Financial assets and financial liabilities are offset, and the net amount is reflected in the statement of financial position only when there are legal rights to offset the recognized amounts, the Bank intends to settle them on a net basis, or assets are realized and liabilities settled simultaneously.

Recognition date of the financial assets

the purchase and selling of financial assets is recognized on the date of trading (the date of the company's commitment to purchase or sell financial assets).

Fair Value

Closing market prices (acquiring assets/selling liabilities) in active market at the date of the financial statement represent the fair value of the financial derivatives traded. In case declared market prices do not exist, active trading for some financial assets and derivatives is not available, or the market is inactive, fair value is estimated by one of several method including the following:

- Comparison with the market value of another financial asset with similar terms and conditions.
- Analysis of the present value of expected future cash flows for similar instruments.
- Adoption of the option pricing model.

Accounts reinsurers*

The shares of reinsurers is calculated from insurance premiums and paid compensations and technical provisions and all rights and obligations arising from the re-insurance based on contracts between the company and reinsurers, according to the accrual basis.

Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits, and highly liquid investments with original maturities of three months or less, and which are not exposed to a significant risk of value change.

Income Tax

Income tax expenses represent accrued taxes and deferred taxes.

Accrued Taxes

-Income tax expenses are accounted on the basis of taxable income. Moreover, taxable income differs from income declared in the financial statements because the latter includes non-taxable revenue or tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses acceptable by the tax authorities, as well as unallowable and non-taxable items.

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-Taxes are calculated on the basis of the tax rates prescribed according to the prevailing laws, regulations, and instructions in Jordan.

Deferred Taxes

-Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the financial statements and the value of the taxable amount. Moreover, deferred taxes are calculated according to the statement of financial position liability method based on the tax rates expected to be applied at the tax settlement date or the realization of the deferred tax assets and liabilities.

-The balances of deferred tax assets and liabilities are reviewed at the statement of financial position date and reduced in case they are expected not to be utilized or are no longer needed, wholly or partially.

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Foreign currency translation

Foreign currency transactions are translated into Jordanian Dinar at the rates of exchange prevailing at the time of the transactions, Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at that date, Gains and losses from settlement and translation of foreign currency transactions are included in the statement of comprehensive income.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and reliable estimate can be made regarding the amount of the obligation.

The amount recognised as provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Technical Provisions

Technical Provisions are taken and maintained according to the regulations of the insurance commission as follows:

1. The provision unearned premiums for general insurance activities is calculated according to the remaining up to the expiry date of the insurance policy after the financial statements date on the basis of a (365) day year except for marine and land transport insurance for which provision is calculated on the basis of written premiums of the policies issued on the date of financial statements according to laws, regulations and instructions issued for this purpose.
2. The provision for reported claims is computed by determining the maximum total expected costs for each claim on an individual basis.

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3. Additional provisions for incurred but not reported claims are calculated based on the company's experience and estimates so as to meet any obligations that might arise due to events that took place prior to the end of fiscal year but have not been reported to the company.

Provision for doubtful debts

A provision for doubtful debts is taken when there is objective evidence that whole or part of these debts has become irrecoverable. The provision is calculated as the difference between the book value and recoverable value.

End of service indemnity provision

End of service indemnity provision is calculated based on the internal regulations prepared by the company in accordance with Jordanian companies law.

Annual compensations paid to terminated employees are charged at the end-of-service indemnity provision when paid. Moreover, an allowance for the company's liabilities in connection with end-of-service compensations is taken to the statement of income.

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Cost of issuance or purchase of shares of the insurance company

Any costs resulting from the issuance or purchase of shares of the insurance company are set on retained earnings (set in net value after tax impact to these costs if they occur) If the issuance or purchase process has not been completed then these costs are recognized as expenses on the income statement.

Revenue Recognition

-Insurance Contracts

Insurance premiums arising from insurance contracts are recorded as revenue for the year (earned insurance premiums) on the basis of the maturities of time periods and in accordance with the insurance coverage periods. Insurance premiums from the insurance contracts unearned at the date of the statement of financial position are recorded as unearned insurance premiums within liabilities.

Claims and incurred losses settlement expenses are recorded in the statement of income based on the expected liability amount of the compensation relating to the insurance policyholders or other affected parties.

- Dividends and Interest

Dividends from investments are recorded when the right of the shareholder to receive dividends arises upon the related resolution of the general assembly of shareholders.

Interest income is calculated according to the accrual basis based on the maturities of the time periods, original principals, and earned interest rate.

Rental Income

Rental income from investment properties is recognized in statement of income on a straight line basis over the term of operating lease and the advances and unearned portion of the rental income is recognized as a liability.

Expense Recognition

all commissions and other costs relating to the acquisition of new or renewed insurance policies are amortized in the statement of income upon their occurrence. Other expenses are recognized on the accrual basis.

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Insurance Compensation

Insurance compensations represent the claims during the period and the change in the claims provision.

The insurance compensations represent all the amounts paid during the year whether they relate to the current year or previous years. Moreover, outstanding claims represent the highest estimated amount for the settlement of all claims resulting from events that took place prior to the statement of financial position date but were still unsettled at that date. Moreover, outstanding claims are calculated on the basis of the best information available at the date of financial statements and include the incurred but not reported claims provision..

Salvage and Subrogation Reimbursements

Estimates of salvage and subrogation reimbursements are considered as an allowance in the measurement of the insurance liability of claims.

General and Administrative Expenses

All distributable general and administrative expenses are loaded on insurance branches separately, Moreover (80%) the general and administrative expenses have been allocated to the various insurance departments on the basis of the earned premiums of each department in proportion to total premiums.

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Employees Expenses

All distributable employee's expenses are reloaded on insurance branches separately. Moreover, 80% of the employee's expenses have been allocated to the various insurance departments on the basis of the earned premiums of each department in proportion to total premiums.

Acquisition Costs of Insurance Policies

Acquisitions costs represent the costs incurred by the company againsts selling, underwriting, or starting new insurance contracts. The acquisition costs are recorded in the statement of income.

Mortgaged Financial Assets

It is those financial assets pledged in favor of other parties with a right of the other party to dispose of them (selling or re-mortgage). Evaluation of these assets will continue in accordance with the adopted accounting policies according to each of their original classifications.

Liability Adequacy Test

At each reporting date, liability adequacy tests are performed to ensure the adequacy of insurance contract liabilities. The group makes use of the best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities in evaluating the liability. Any deficiency is immediately charged to the statement of income.

5. BANK DEPOSITS

	Deposits maturing within a month	Deposits maturing for more than a month and up to three months	Deposits maturing after more than a month and a year	Total	
				2016	2015
In Jordan :					
Jordan					
Kuwait Bank	6,362,204	-	325,000	6,687,204	4,927,527
	6,362,204	-	325,000	6,687,204	4,927,527

The interest rates on deposits in Jordan Dinar ranged from 3% to 5%.

Moreover deposits collateralized against a bank guarantee issued to the order of the director of the insurance commission in addition to his position amounted to 325,000 at Jordan Kuwait Bank as of December 31, 2016 (2015:325,000 JD).

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6. FINANCIAL ASSETS AT FAIR VALUE THROUGH THE INCOME STATEMENT

Financial assets at fair value through the income statement which been classified upon initial recognition as follows:

	2016	2015
Stock listed at Amman stock exchange	11,453	12,550
	<u>11,453</u>	<u>12,550</u>

7. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2016	2015
Inside Jordan		
Listed stocks	1,481,145	1,820,428
Unlisted stocks	849,072	854,050
	<u>2,330,217</u>	<u>2,674,478</u>
Outside Jordan		
Stock listed at foreign market	328,674	348,160
Total	<u>2,658,891</u>	<u>3,022,638</u>

	2016	2015
Amman International Center for Trading Improvement (L.L.C)	10,000	10,000
Specialized for real estate investment and improvement.	839,072	844,050
	<u>849,072</u>	<u>854,050</u>

8. REALESTATE INVESTMENT

	2016	2015
Shmesani land	758,500	758,500
Shmesani building	480,390	480,390
Loss : accumulated depreciation	24,019	14,411
	<u>1,214,871</u>	<u>1,224,479</u>

The Company has re-evaluated Real Estates Investments in Januray 25, 2016 by Real Estate experts in accordance with the regulations of the Insurance committee and the international statndards amounted 2,762,614 JD and it resulted in an excess of 1,547,743 JD, as a result of changes that occurred on the adjustment of the use of the building to the land (2964).

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9. CASH AND CASH AT BANKS

	2016	2015
Cash on hand	43,619	16,427
Cash at bank	2,432,092	4,697,294
	<u>2,475,711</u>	<u>4,713,721</u>

10. CHEQUES UNDER COLLECTION AND NOTES RECEIVABLES

	2016	2015
Cheques under collection	1,089,332	532,734
Notes receivables	75,744	627,653
	<u>1,165,076</u>	<u>1,160,387</u>

The cheques under collection maturing date up to June 30, 2017.

11. NET – ACCOUNTS RECEIVABLE

	2016	2015
Policy holders	9,744,138	9,444,477
Agents	399,585	267,472
Brokers	42,257	120,500
Employees	87,334	48,472
Others	106,166	230,052
Allowance for doubtful account	(1,100,000)	(1,050,000)
	<u>9,279,480</u>	<u>9,060,973</u>

The transaction on of allowance for doubtful account is as follows

	2016	2015
Beginning balance	1,050,000	895,893
Additions during the year	181,147	154,107
Disposals	(131,147)	
Ending balance	<u>1,100,000</u>	<u>1,050,000</u>

12. REINSURANCE COMPANIES ACCOUNTS – DEBIT

	2016	2015
Local insurance company	1,461,578	1,238,322
Foreign reinsurance company	1,383,464	1,601,899
Allowance for reinsurance account	(800,000)	(800,000)
	<u>2,045,042</u>	<u>2,040,221</u>

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13. INCOME TAX

A. Deferred Tax Assets

The Details Of this item is as Follow :

	2016					2015
	Beginning of the year balance	Amounts released	The amounts added	Balance, end of year	Deferred tax	Deferred tax
Accounts covered						
1. Deferred tax assets						
Unreported claims	1,646,292	-	833,274	2,479,566	199,986	24,257
Allowance for doubtful	1,800,063	-	50,000	1,850,063	12,000	25,000
Provision For end-of-service indemnity	308,287	-	15,809	324,096	3,794	1,532
Accumulated Loss	-	-	-	-	-	(345,054)
Total	3,754,642	-	899,083	4,653,725	215,780	(294,265)

The transaction of deferred tax assets was as follows

	2016		2015	
	Assets	Liability	Assets	Liability
Balance at the begging at the year	901,114	-	1,195,379	-
Additions	215,780	-	(294,265)	-
Balance at year end	1,116,894	-	901,114	-

The differed tax asset has been taken by 24% of various allowances, which is refundable at the opinion at management.

B- Income tax provision

Transaction on the income tax provision was as follows:

	2016	2015
Balance beginning of the year	394,850	8,995
Income tax paid	(525,437)	-
Provision for the year	629,568	385,855
	498,981	394,850

- A tax settlement has been reached for income tax up to end of year 2014.
- In the opinion of managment and tax consultant the tax provision is sufficient.

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The income tax is represented as follows:

	2016	2015
Income tax for the year's profit *	(629,568)	(551,764)
Deferred Tax Assets	215,780	(130,934)
	(413,788)	(682,698)

*Summary of the reconciliation of accounting profit with taxable profit:

	2016	2015
Accounting profit	2,011,597	1,892,279
Profit not subject to tax	(66,905)	(103,559)
Non – deductible tax expenses	678,508	510,295
Taxable profit	2,623,200	2,299,015
Income tax	629,568	551,764

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14. PROPERTY AND EQUIPMENT – NET

2016	Lands	Buildings *	Equipment and furniture's	Vehicles	Computers	Total
Cost						
Balance at the beginning of the year	913,900	949,090	291,486	271,733	266,641	2,692,850
Additions	-	9,988	14,291	165,500	60,736	250,515
Disposals	-	-	-	(95,000)	-	(95,000)
Balance at the end of the year	913,900	959,078	305,777	342,233	327,377	2,848,365
Accumulated depreciation						
Accumulated Depreciation - beginning of the year	-	336,437	225,578	201,846	226,425	990,286
Depreciation of the year	-	19,082	11,451	30,726	49,026	110,285
Disposals	-	-	-	(59,250)	-	(59,250)
Accumulated Depreciation - End of the year	-	355,519	237,029	173,322	275,451	1,041,321
Property and Equipment net book value	913,900	603,559	68,748	168,911	51,926	1,807,044

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2015	Lands	Buildings *	Equipment and furniture's	Vehicles	Computers	Total
Cost						
Balance at the beginning of the year	913,900	934,090	262,452	271,733	212,483	2,594,658
Additions	-	15,000	29,034	-	54,437	98,471
Disposals	-	-	-	-	(279)	(279)
Balance at the end of the year	913,900	949,090	291,486	271,733	266,641	2,692,850
Accumulated Depreciation						
Accumulated Depreciation - beginning of the year	-	317,454	215,248	172,739	191,417	896,858
Depreciation of the year	-	18,983	10,330	29,107	35,287	93,707
Disposals	-	-	-	-	(279)	(279)
Accumulated Depreciation - End of the year	-	336,437	225,578	201,846	226,425	990,286
Property and Equipment net book value	913,900	612,653	65,908	69,887	40,216	1,702,564

Among the buildings, there is a first-class mortgage on a building that belongs to the company in which its book value amounts 598,900 JD for bank facilities granted by The Jordan Kuwait Bank . The mortgage amounts 1,500,000 JD which has been referred to in note (17).

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15. OTHER ASSETS

	2016	2015
Prepaid expenses	761,628	754,791
Refundable deposits	10,262	10,262
Other	54,546	55,373
	<u>826,436</u>	<u>820,426</u>

16. NET ACCOUNTING PROVISION

	2016	2015
Net accounting provision	287,399	308,153
	<u>287,399</u>	<u>308,153</u>

17. BANKS OVERDRAFT

	2016	2015
Inside Jordan :		
Jordan kuwait Bank	2,193,313	2,095,708
	<u>2,193,313</u>	<u>2,095,708</u>

Bank Overdrafts are presented by the bank facilities granted by The Jordan Kuwait Bank as a current account ceiling of 2,250,000 JD with an average interest of 2%.

18. ACCOUNTS PAYABLE

	2016	2015
Policyholders	638,769	265,330
Agents payable	59,919	43,863
Associate company	30,050	454,493
Employees payable	10,110	10,669
Brokers	38,638	65,089
Deferred Cheques	2,636,667	2,253,487
Others	139,876	131,749
	<u>3,554,029</u>	<u>3,224,680</u>

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19. REINSURERS ACCOUNTS PAYBLE

	2016	2015
Local insurance companies	27,413	93,164
Foreign reinsurers companies	1,870,672	2,906,424
	<u>1,898,085</u>	<u>2,999,588</u>

20. MISCELLANEOUS PROVISIONS

This item consists of the following:

	2016	2015
*Provision For end-off-services indemnity	328,047	312,238
	<u>328,047</u>	<u>312,238</u>

* Transaction on differet provisions is as followes:-

	Balance at the beginning of the year	Charged durring the year	Paid durring the year	Balance at ending of the year
Provision for end of service indemnity	312,238	15,809	-	328,047
	<u>312,238</u>	<u>15,809</u>	<u>-</u>	<u>328,047</u>

21. OTHER PAYEBLES

	2016	2015
Unearned revenue	72,335	47,175
Shareholders deposits	60,065	60,195
Governmental deposits	515,443	196,051
Clients deposit from accidents and others	43,439	31,387
	<u>691,282</u>	<u>334,808</u>

22. PAID IN CAPITAL

Authotized and paid capital amounted to JD 9,100,000 distributed over 9,100,000 shares, the parvalue of each share is JD 1 as of December 31, 2016 compared to the paid capital 9,100,000 JD as of December 31, 2015 divided into 9,100,000 JD each for 1 JD.

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23. STATUTORY RESERVE

In accordance with the Companies' Law in the Hashemite Kingdom of Jordan and the Company's Article of Association, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 25% of the capital. However, the Company may, with the approval of the General Assembly continue deducting this annual ratio until this reserve is equal to the subscribed capital of the Company in full. This reserve is not available for dividends distribution.

24. ACCUMULATED CHANGE IN FAIR VALUE

	2016	2015
Beginning balance	(895,420)	(976,955)
Change during the year	(363,747)	81,535
Net change during the year	(363,747)	81,535
Ending balance	(1,259,167)	(895,420)

25. ACCUMULATED LOSSES

	2016	2015
Balance at the beginning of the year	(2,487,151)	(3,507,503)
Net income for the year	1,597,809	1,209,581
Trasferred to statuary reserves	(201,160)	(189,229)
	(1,090,502)	(2,487,151)

26. INTEREST INCOME

	2016	2015
Interest Revenue	128,197	106,632
	128,197	106,632

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27. NET PROFIT FROM FINANCIAL ASSETS AND INVESTMENTS

	2016	2015
Revenue dividends from financial assets designated through income	22,590	114,344
Unrealized (losses) / gain from financial assets designated	(1,097)	(1,675)
Net Losses from selling financial assets at fair value through statement of comprehensive income	-	(78,888)
	21,493	33,781

28. OTHER REVENUE

	2016	2015
Currency exchange differences	(1,351)	(4,783)
Revenue from sale of non-current assets	23,250	-
Rent Revenues	42,000	42,000
Other revenue	(9,008)	9,687
Amount transferred to income statement	54,891	46,904

29. EMPLOYEES EXPENSES

	2016	2015
Salaries and bonuses	2,391,041	2,104,046
Provident fund	200,281	177,406
End – off service indemnity	15,809	15,808
Company contribution to social security	275,329	240,293
Travel and transportations	103,405	101,987
Medical expenses	127,058	114,825
	3,112,923	2,754,365
Employees expenses distributed to initial performance bond	2,490,338	2,203,492
Employees expenses not distributed to initial performance bond	622,585	550,873
Total	3,112,923	2,754,365

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30. GENERAL AND ADMINISTRATIVE

	2016	2015
Rent	49,989	29,465
Stationary and printing	45,740	33,574
Advertisement	37,917	112,749
Bank fees	13,982	13,637
Bank commission	107,725	116,783
Electricity, water and heating	51,612	49,277
Maintenance	45,263	28,950
Post and telephone	40,016	43,630
Legal and consultation fees	282,892	69,717
Hospitality	29,201	24,776
Subscriptions	8,699	8,663
Board of directors transportation expenses	44,930	45,525
Government and others fees	148,158	126,798
Insurance expenses	10,731	10,675
Business insurance fees	179,279	177,833
Non deductible tax	29,614	74,633
Launched retained installments interest	35,943	28,708
Computer preparation expenses	1,129	178
Cleaning preparation	21,269	18,087
Security Expenses	10,510	12,685
Scientific Research And Vocational Training	27,634	19,614
Vehicles Expenses	10,448	9,797
Compensation for the affected by car accident	29,959	44,690
Other expenses *	42,808	39,047
Total And Allocated As Follow	1,305,448	1,139,491
Total general and administrative expenses allocated to underwriting accounts	1,044,358	911,593
Total general and administrative expenses unallocated to underwriting accounts	261,090	227,898
Total	1,305,448	1,139,491

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***OTHER EXPENSES**

	2016	2015
Uniforms For Employees	4,992	50
Stamps	1,605	3,057
Tender Expenses	2,117	2,265
Donations	15,520	14,650
Collecting Expenses	9,083	12,135
Miscellaneous	9,491	6,890
	<u>42,808</u>	<u>39,047</u>

31. EARNING PER SHARE

	2016	2015
Net income for the year	1,597,809	1,209,581
Weighted average number of shares	9,100,000	9,100,000
Earning Per Share	<u>0.18</u>	<u>0.13</u>

32. CASH AND CASH EQUIVALENTS

	2016	2015
Cash on hand and at the bank	2,475,711	2,463,721
Addition: Deposits At Banks maturing within three months	6,687,204	4,927,527
Less: Due to Banks maturing within three months	2,193,313	2,095,708
Net cash and cash equivalents	<u>6,969,602</u>	<u>5,295,540</u>

33. RELATED PARTY TRANSACTIONS

The Company's transacted with the allied company, major shareholder, the Board of Directors, and the management within the company's main activities using commercial interest rates. All deferred sale account receivables and funds granted to related parties are effective and no provision was allocated.

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	2016	2015
The terms of the balance sheet:		
Accounts receivable (major shareholders) **	3,405,341	3,943,096
The terms of the income statement:		
Underwriting premiums (major shareholders)	4,448,183	5,359,308
Discontinued compensation (major shareholders)	2,589,849	469,494

*The Affiliated company present Jordanian for management and consultation company.

** The major shareholders presend Jordan army force

*** The account payable item present obligation for the specialized for medical expenses management (L.L.C) which is owned from the affiliated company the jordanian for management and consultation company.

-The specialized for medical expenses management (L.L.C) engaged auditing the medical claim and medical claim through the year 2015 amounted to JD 273,171 for the company.

-Top executive management and board of dorector (salary,bonuses, and other benefits) are as follows:

	2016	2015
Salaries and bonuses charged by senior management	395,193	379,632
The transportations of the members of the Board of Directors instead	45,500	45,500

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34. OTHER FEES

	2016	2015
Other fees	868,090	663,582
	868,090	663,582

35. RISK MANAGEMENT

The company manages various risk through placed a comprehensive strategy identifies risks and ways to address them, mitigate and through the unit to the Risk Committee and the Investment Committee where the risks are reviewed and adopt the necessary measures to face it and work to reduce and limit them. Add to that all the work centers responsible for identifying the risks related to their activity and to develop appropriate controls and monitor the effectiveness of continuity. The Company is exposed to insurance risk and credit risk, liquidity risk and market risk.

The risk management process

It is the company's management that is responsible for identifying and controlling risk, and in addition to that there are several others responsible for the company's risk management process.

Risk measurement and reporting systems

The risk monitoring and control is through control limits for each type of risk types and that these limits reflect the company's business strategy and various market factors surrounding. Information is collected from the company's various departments and analysis to identify the potential risks that may arise from them.

It was presented and explained this information on the company's board.

Internal audit

The risk management audits annually by the Internal Audit Department, and by examining all the measures taken and the extent of compliance with the required procedures. The Internal Audit Department to discuss the audit results with the company's management, and are presented the results of its work to the Audit Committee.

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First: Descriptive Disclosures:

Risk management is the evaluation of the risk process of measurement and development of strategies to manage it. These strategies include the transfer of risks to another party, avoiding and mitigating their adverse effect on the company, in addition to accepting the related consequences partially or wholly.

•

Insurance risk

It includes insurance contract, pricing and risk diagnosis and classification and measurement of risk and also includes compensation for risk and exposure to disasters political and economic considerations risks

Risks of political and economic considerations

The company being a public company will be affected by the overall political and economic factors associated with Jordan and with all laws and regulations and legislation in Jordan, and for Jordan's correlation with its neighboring countries, the political stability and economic and social factors have direct impact on Jordan.

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Credit risk and concentration on assets

The practice of the company's insurance business exposes the company to many risks, including the credit risk resulting from the failure or inability of debtors to fulfill their obligations towards the company resulting in case it happens to realized losses. Therefore, the most important duties of the Department of Finance in the company is to make sure these risks as not to exceed the specified general framework previously in the company's policy that works to balance risk and return.

As the company's management is working to control credit risk where the credit standing of the clients and customers on a regular basis in accordance with the evaluation system assessed, either the focus on risk assets are processed through the distribution of the company's portfolio on a global reinsurers from first class to ensure the distribution of the risks minimal.

Interest Rate Risks:

Interest rate risks relate to long-term bond deposits, development bonds, and other deposits. Moreover, the company always endeavors to mitigate there risks through monitoring the changes in interest rates in the market nterest rate risks relate to fixed deposits at banks and overdrafts accounts.

Foreign Currencies Risk

Foreign currencies risks are the risks resulting from the fluctuations in the value of the financial instruments due to the changes in the exchange rates of foreign currencies.

Liquidity Risk

The company's management follows a suitable system for the management of risks relating to short-term and long-term financing. This is performed through maintaining proper reserves, actual monitoring of the expected cash flows, and comparing the maturities of assets, on one hand, the financial liabilities and technical obligations, on the other.

Stock Market Risk

Since the company conducting investment activities in stock then it is necessary to analyze the performance of the stock market where the stock market in Jordan is one of the emerging markets, therefore dealing with it can cause into a liquidity squeeze risk.

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Second: Quantitative Disclosures

1- INSURANCE RISK

Risk of any insurance policy represent the probability of occurrence of the insured accident and the uncertainty of the related claim amount due to the nature of the insurance policy whereby the risks are volatile and unexpected in connection with insurance policies of a certain insurance class. As regards the application of the probability theory on pricing and the reserve ,

the primary risks facing the company are that incurred claims and the related payment may exceed the book value of the insurance obligation . this may happen if the probability and risks of claims are greater than expected . as insurance accident are unstable and vary from one year to another , estimates may differ from the related statics.

Studies have shown that the more similar the insurance policies are the nearer expectations are to the actual loss. Moreover, diversifying the types of insurance risks covered decreases probability of the overall insurance loss.

Fire and other damage to property

The purpose of the Property Insurance compensate policyholders for damage caused to their real estate or for lost real estate value. And also policyholders can catch compensation for loss of earnings due to the inability to use the insured properties.

The main risks for real estate insurance contracts are fire and business interruption as the company in recent years has issued policies for properties containing fire alarm equipment. The conclusion of insurance contracts on the basis of the replacement for value of real estates and its content insured, cost of reconstruction of the real estate and providing alternatives to the content and the time required to restart the discontinued operations is considered as the main factors, that affect the size of the claims for the company's cover from reinsurance companies to limit the damage whether at the level of the low and great values and ratios that provide the required protection and its clients.

Vehicles

The purpose of vehicle insurance is to compensate policyholders from damage caused to their vehicles or responsibility against third parties arising from the accident. Also policyholders can catch compensation for combustion or steal their vehicles.

As for motor the main risks are claims for death and personal injuries and the replacement or repair of automobiles. The Company has cover from reinsurers to cover losses both at the level of the low and large values and ratios provide the required protection for businesses and their customers notification. The amounts to be paid in compensation for deaths and to injured and replacement costs of cars are the main factors affecting the level of claims.

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Marine and transportation insurance

As for marine and transportation insurance that are considered the main risk in the loss or damage of the marine and land units and accidents resulting in total or partial loss of goods.

the purpose of marine and transport insurance is compensating insurance policies for damaged that arises from the loss or damaged sea and land units and accidents at sea and land, which produces partial or total loss of goods.

The strategy followed for the marine and transportation insurance sector is to ensure that policies are varied regarding shipping, land and roads covered by insurance. the Company has cover from reinsurers to cover losses both at the level of the low and great values and provided ratios that require protection for businesses and their clients.

Medical Insurance

Includes the insured losses when damage is caused by illness or disability and is followed by providing fixed financial benefits or benefits in the form of compensation or a combination of both benefits that the company has the intention of providing cover from reinsurance companies to reduce this risk.

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2- THE EVOLUTION OF ALLEGATIONS

Tables below show the actual allegations (based on management's estimates at the end of the year), compared to expectations for the past four years on the basis of the year that have been reported by the claim for insurance cars and on the basis of the year in which the insurance was underwritten to other general Insurance and branches of life insurance, as follows:

TOTAL – VEHICLES:-

Accident year	2012 and before	2013	2014	2015	2016	Total
As at year end	967,212	278,443	399,720	1,034,418	2,813,914	5,493,707
After a years	1,010,382	354,707	559,473	1,349,071	-	3,273,633
After two years	1,067,550	418,621	604,530	-	-	2,090,701
After three years	1,167,014	506,434	-	-	-	1,673,448
After four years	1,211,121	-	-	-	-	1,211,121
Surplus/deficit	(243,909)	(227,991)	(204,810)	(314,653)	-	(991,363)
Accumulated current Claims estimation	1,211,121	506,434	604,530	1,349,071	2,813,914	6,485,070
Accumulated payments	335,361	196,274	(33,399)	(2,328,873)	(520,318)	(2,350,955)
Unreported claims	-	-	107,500	215,000	1,827,500	2,150,000
Obligation as it shown in balance sheet	875,760	310,160	530,429	3,462,944	1,506,732	6,686,025

TOTAL – MARINE AND TRANSPORT:-

Accident year	2012 and before	2013	2014	2015	2016	Total
As at year end	92,108	5,500	35,000	37,000	312,537	482,145
After a years	92,108	6,500	35,000	200,780	-	334,388
After two years	92,108	6,500	35,000	-	-	133,608
After three years	92,108	6,500	-	-	-	98,608
After four years	92,108	-	-	-	-	92,108
Surplus/deficit	-	(1,000)	-	(163,780)	-	(164,780)
Accumulated current Claims estimation	92,108	6,500	35,000	200,780	312,537	646,925
Accumulated payments	(384,209)	(30,500)	(2,500)	190,280	178,579	(48,350)
Unreported claims	-	-	2,500	5,000	42,500	50,000
Obligation as it shown in balance sheet	476,317	37,000	35,000	5,500	91,458	645,275

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TOTAL – AVIATION:-

Accident year	2012 and before	2013	2014	2015	2016	Total
As at year end	-	-	-	-	-	-
After a years	-	-	-	-	-	-
After two years	-	-	-	-	-	-
After three years	-	-	-	-	-	-
After four years	-	-	-	-	-	-
Surplus\deficit	-	-	-	-	-	-
Accumulated current Claims estimation	-	-	-	-	-	-
Accumulated payments	-	-	-	-	-	-
Unreported claims	-	-	-	-	-	-
Obligation as it shown in balance sheet	-	-	-	-	-	-

TOTAL – FIRE AND OTHER INSURANCE :-

Accident year	2012 and before	2013	2014	2015	2016	Total
As at year end	1,244,587	9,565	38,036	40,187	87,063	1,419,438
After a years	1,316,187	12,565	44,358	48,208	-	1,421,318
After two years	1,316,187	12,765	44,403	-	-	1,373,355
After three years	1,317,937	13,340	-	-	-	1,331,277
After four years	1,317,937	-	-	-	-	1,317,937
Surplus\deficit	(73,350)	(3,775)	(6,367)	(8,021)	-	(91,513)
Accumulated current Claims estimation	1,317,937	13,340	44,403	48,208	87,063	1,510,951
Accumulated payments	73,977	(67,824)	3,403	(6,023)	(69,800)	(66,267)
Unreported claims	-	-	5,000	10,000	85,000	100,000
Obligation as it shown in balance sheet	1,243,960	81,164	36,000	44,231	71,863	1,477,218

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TOTAL – OTHER BRANCHES:-

Accident year	2012 and before	2013	2014	2015	2016	total
As at year end	-	-	-	-	-	-
After a years	-	-	-	-	-	-
After two years	-	-	-	-	-	-
After three years	505	-	-	-	-	505
After four years	505	-	-	-	-	505
Surplus\deficit	-	-	-	-	-	-
Accumulated current Claims estimation	505	-	-	-	-	505
Accumulated payments	505	-	(3,036)	(18,377)	(341)	(21,249)
Unreported claims	-	-	500	1,000	8,500	10,000
Obligation as it shown in balance sheet	-	-	3,536	24,377	3,841	31,754

TOTAL – RESPONSIBILITY:-

Accident year	2012 and before	2013	2014	2015	2016	Total
As at year end	78,943	7,000	-	180	31,432	117,555
After a years	78,943	7,000	-	180	-	86,123
After two years	78,943	7,000	-	-	-	85,943
After three years	78,943	17,000	-	-	-	95,943
After four years	78,943	-	-	-	-	78,943
Surplus\deficit	-	(10,000)	-	-	-	(10,000)
Accumulated current Claims estimation	78,943	17,000	-	180	31,432	127,555
Accumulated payments	275	10,000	(750)	(1,500)	(22,710)	(14,685)
Unreported claims	-	-	750	1,500	12,750	15,000
Obligation as it shown in balance sheet	78,668	7,000	-	180	41,392	127,240

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TOTAL – CREDIT AND GUARANTEE:-

Accident year	2012 and before	2013	2014	2015	2016	Total
As at year end	84,855	12,626	16,721	52,673	50,598	217,473
After a years	86,551	14,716	18,334	131,172	-	250,773
After two years	86,551	14,716	18,334	-	-	119,601
After three years	86,551	14,716	-	-	-	101,267
After four years	86,551	-	-	-	-	86,551
Surplus\deficit	(1,696)	(2,090)	(1,613)	(78,499)	-	(83,898)
Accumulated current Claims estimation	86,551	14,716	18,334	131,172	50,598	301,371
Accumulated payments	1,696	394	(5,477)	66,899	(84,937)	(21,425)
Unreported claims	-	-	5,000	10,000	85,000	100,000
Obligation as it shown in balance sheet	84,855	14,322	18,811	54,273	50,535	222,796

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3. CONCENTRATION OF RISK

Assets, liabilities and accounts off the balance sheet are set according to the type of insurance

FOR THE YEAR ENDED DECEMBER 31, 2016

Insurances type	Vehicles in thousands of JD's	Marine and transportation in thousands of JD's	Aviation in thousands of JD's	Fire in thousands of JD's	Responsibility in thousands of JD's	Credit in thousands of JD's	Medical in thousands of JD's	Other branches in thousands of JD's	Life in thousands of JD's
Total	13,945	1,060	243	2,468	191	612	1,454	45	111
Net	9,982	93	2	367	31	331	682	8	19

FOR THE YEAR ENDED DECEMBER 31, 2015

Insurances type	Vehicles in thousands of JD's	Marine and transportation in thousands of JD's	Aviation in thousands of JD's	Fire in thousands of JD's	Responsibility in thousands of JD's	Credit in thousands of JD's	Medical in thousands of JD's	Other branches in thousands of JD's	Life in thousands of JD's
Total	12,607	566	175	3,029	274	440	1,431	259	111
Net	9,132	58	2	296	25	235	742	66	24

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Assets, liabilities off the balance sheet are set according to the geographical and sectoral distributions as follow:-

A- By geographical areas

	Assets	Liabilities	Accounts off the balance sheet	Assets	Liabilities	Accounts off the balance sheet
Within Kingdom	7,304,927	20,129,009	-	7,453,050	18,892,712	-
Other Middle Eastern countries	-	-	-	-	-	-
Europe	-	-	-	-	-	-
Asia	-	-	-	-	-	-
Africa	-	-	-	-	-	-
America	-	-	-	-	-	-
Other countries	-	-	-	-	-	-
Total	7,304,927	20,129,009	-	7,453,050	18,892,712	-

Assets, liabilities off the balance sheet are set according to the geographical and sectoral distributions as follow:-

B- By Sector

	Assets	Liabilities	Accounts off the balance sheet	Assets	Liabilities	Accounts off the balance sheet
Public sector	1,247,528	3,471,495	-	916,940	2,471,495	-
Institutes and companies	3,119,562	6,932,191	-	3,354,782	6,370,284	-
Members	2,937,837	9,725,323	-	3,181,328	10,050,933	-
Total	7,304,927	20,129,009	-	7,453,050	18,892,712	-

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4 - REINSURANCE COMPANIES

As it is with other insurance companies in order to minimize exposure to financial losses arising from large insurance claims, the Company within the normal course of business to enter into reinsurance agreements with other parties.

To minimize its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial position of the reinsurance companies that deal and monitors concentrations of credit risk arising from geographic regions, activities or economic characteristics similar to those companies. the re-insurance contracts issued the company is not relieved of its obligations towards policyholders campaign, and as a result the company remains committed with claims reinsured in the case of the inability of reinsurers to meet its obligations assumed under the reinsurance agreements.

5- THE SENSITIVITY OF RISK INSURANCE

The following table illustrates the possible change in the prices of the written premiums on income statement and while keeping all other influential changes fixed

	Change in percentage	The impact on writhe premiums	The impact pre – tax profit for the year	The impact on owners equity *
	%	JD	JD	JD
Vehicles	10	1,182,510	1,126,541	856,171
Maritime and transportation	10	101,359	13,342	10,140
Aviation	10	80,513	18,452	14,024
Fire and other damage to property	10	213,326	60,797	46,206
Responsibility	10	8,283	2,661	2,022
Credit and warranty	10	60,425	25,105	19,080
Medical	10	772,179	617,301	469,149
Others branches	10	22,669	26,151	19,875
		2,441,264	1,890,350	1,436,667

* Net after the deduction of income tax impact.

In case of negative change the effect is then equal to the changes above with reverse of the sign.

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The following illustrates the possible change in the prices of the whiten premiums on income statement and while keeping all other inflectional changes fixed:-

	Change in percentage	The impact on writhe premiums	The impact pre – tax profit for the year	The impact on owners equity *
	%	JD	JD	JD
Vehicles	10	1,179,556	(902,709)	(686,059)
Maritime and transportation	10	4,198	(3,132)	(2,380)
Aviation	10	-	-	-
Fire and other damage to property	10	126,754	(9,050)	(9,878)
Responsibility	10	14,039	(2,657)	(2,019)
Credit and warranty	10	31,150	(10,209)	(7,759)
Medical	10	742,123	(508,530)	(386,483)
Others branches	10	9,397	(3,511)	(2,668)
		<u>2,107,217</u>	<u>(1,439,798)</u>	<u>(1,097,246)</u>

* Net after the deduction of income tax impact.

In case of negative change the effect is then equal to the changes above with reverse of the sign.

6- FINANCIAL RISKS

The Company follows the financial policies of the various risk management within a specific strategy and assume management control of the company and adjust the risk and make optimal strategic distribution for each of the financial assets and financial liabilities, including interest rate risk, credit risk, foreign exchange risk and market risk.

The company follows the financial hedge for each of the financial assets and financial liabilities whenever the need arises policy, a hedge on future unexpected dangers.

Credit risk:

Credit risk is the risk that may result from the failure or inability of debtors and other parties to fulfill their obligations towards the company.

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The company believes that it is not significantly exposed to credit risk in terms of existing monitors receivables on an ongoing basis. The company also maintains balances and deposits with leading banking institutions.

The company carries out various insurance and secure the large number of customers, the largest customer the company has accounted for 32% of accounts receivable as of December 31, 2014 compared to 35% as at 31 December 2013, the company's largest customers and referred to above are a receivables government.

The company worked on the development of credit policy, and the company maintains balances and deposits with credit suitable banking institutions.

Market price risk

known as the danger that results from a fluctuation in the value of financial instruments due to changes in market prices. and that the securities that exposes the company to the risk of market price as at the balance sheet is the investment.

Interest rate risk

The company is exposed to interest rate risk on its assets and liabilities that bears interest such as bank deposits, loans and bank overdrafts.

The interest rate on bank interest as of december, 31, 2016 is 3%-5% annually (2015: 3%-5%).

The following table illustrates the sensitivity of the income statement for possible changes on interest rate as of december, 31, 2016 while all other influential changes kept fixed.

The sensitivity of the income statement is presented by the expected possible effects on the interest rate for the profits of the year, which is calculated on financial assets and liabilities that hold various interest rates as of December 31, 2016..

Currency	Increase in interest rate	Impact on (loss) gain for the year before tax
JD		JD
2016	1%	21,933
2015	1%	20,957

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Changes in price of shares risk

The following table illustrates the sensitivity of the income statement for possible changes on interest rate as of december,31,2014 while all other influential changes kept fixed.

A sensitivity analysis was made assuming that the prices of shares move with the same rate of change of the markets indicator.

	Change in indicator	Impact on owners equity	Impact on income statement
2016			
Financial assets designated at fair value through statement comprehensive income	5%	573	573
Financial assets designated at fair value through statement comprehensive income	5%	69,986	-
2015			
Financial assets designated at fair value through statement comprehensive income	5%	628	628
Financial assets designated at fair value through statement comprehensive income	5%	106.361	-

In case of negative change the effect is then equal to the changes above with reverse of the sign.

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Foreign currency risk

Foreign currencies risks are the risks resulting from the fluctuations in the value of the financial instruments due to the change rates of foreign currencies. most of the company's assets and liabilities are funded by Jordanian Dinar or US Dollar.

Currency type	In Jordanian Dinar		Foreign currencies	
	Current year	Comparative year	Current year	Comparative year
US Dollar	630,736	13,322	446,561	9,445
Syrian Pound	787,739,468	36,113,080	234,414	171,797

Liquidity Risk

Liquidity risk represents the inability of the company to provide the necessary funding to perform its obligations in due dates, to guard against this risk, management has diversified funding sources and management of assets and liabilities and convenient maturities and maintaining an adequate balance of cash and cash equivalents and securities negotiable.

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FOR THE YEAR ENDED DECEMBER 31, 2016

Liabilities

	Less than 1 moth	From 1 month to 3 month	More than 3 month to 6 month	More than 6 month to 1 year	More than 1 year to 3 years	More than 3 years	Without maturity	total
Banks overdraft	2,193,313	-	-	-	-	-	-	2,193,313
Accounts payable	-	710,806	1,066,209	1,777,014	-	-	-	3,554,029
Reinsures companies accounts	-	379,617	569,426	949,042	-	-	-	1,898,085
Other provisions	-	-	-	-	-	328,047	-	328,047
Income tax provisions	-	-	-	498,981	-	-	-	498,981
Other liabilities	-	-	-	-	691,290	-	-	691,290
Total	2,193,313	1,090,423	1,635,635	3,225,037	691,290	328,047	-	9,163,745
Total assets	8,786,431	2,928,810	4,393,215	9,665,074	3,514,572	-	-	29,288,102

FOR THE YEAR ENDED DECEMBER 31, 2015

Liabilities

	Less than 1 moth	From 1 month to 3 month	More than 3 month to 6 month	More than 6 month to 1 year	More than 1 year to 3 years	More than 3 years	Without maturity	total
Banks overdraft	2,095,708	-	-	-	-	-	-	2,095,708
Accounts payable	-	644,936	967,404	1,612,340	-	-	-	3,224,680
Reinsures companies accounts	-	599,918	899,876	1,499,794	-	-	-	2,999,588
Other provisions	-	-	-	-	-	312,238	-	312,238
Income tax provisions	-	-	-	394,850	-	-	-	394,850
Other liabilities	-	-	-	-	334,808	-	-	334,808
Total	2,095,708	1,244,854	1,867,280	3,506,984	334,808	312,238	-	9,361,872
Total assets	7,883,875	2,591,510	3,710,670	9,115,116	4,035,429	-	-	27,336,600

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36. THE ANALYSIS OF THE MAIN SECTORS

(A) Information about the company's business segments

For administrative purposes the company is organized into two business segments, general insurance sector includes vehicles, and maritime transport, aviation, fire and other damage to property, liability insurance, credit and guarantee, and accident and health, and the sector life insurance, which includes life insurance, dental insurance or pension, insurance-related investment, permanent health insurance. These two sectors constitute the foundation on which the company used to show information related to key sectors. Above also includes sectors on investment and cash management for the company's own account. Transactions between business segments are based on estimated market prices and the same conditions are dealt with others.

(B) the geographical distribution Information

This illustration represents the geographical distribution of the company's business, the company's activities are mainly in the Kingdom, which represents the local business practice and the Company exercised any international activities.

The following is the distribution of the company's revenues and assets by geographic region:

	Inside Kingdom		Out Kingdom		Total	
	2016	2015	2016	2015	2016	2015
Total revenue	19,467,033	17,994,084	-	-	19,467,033	17,994,084
Total Assets	29,288,102	27,336,600	-	-	29,288,102	27,336,600

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37. CAPITAL MANAGEMENT

Is placed regulate capital requirements by the Insurance Commission, I have put these requirements to ensure an adequate margin, it has been put additional goals by the company to maintain a strong credit scores and the percentage of high capital in order to support its business and increase the upper limit of the value of the shareholders.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions, the company does not in any amendments to the objectives, policies and procedures related to the structuring of the capital during the current year and previous year.

The opinion of management: the company's management is seeking to raise the solvency margin during 2017.

The following table shows the amount that it considers the company as head of capital and solvency margin ratio:

	2016	2015
Initial capital items:		
Paiding capital	9,100,000	9,100,000
Statutory reserve	1,569,638	1,368,478
Accumulated losse	(1,090,502)	(2,487,151)
Items of additional capital:		-
Accumulated change in fair value of financial assets available for sale	(1,259,167)	(895,420)
Increase in real estate investment	1,547,743	1,538,135
Accumulated strucured capital (A)	9,867,712	8,624,042
Accumulated required capital (B)	6,399,903	5,739,841
Solvancy Margine Rate (A) / (B)	154%	150%

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38- ANALYSIS OF ASSETS AND LIABILITIES MATURITIES

2016	Up to a year	More than a year	Total
Assets:			
Deposits at bank	6,687,204	-	6,687,204
Financial asstes designated at fair value through statement of comprehensive income	11,453	-	11,453
Financial asstes designated at fair value through statement of other comprehensive income	-	2,658,891	2,658,891
Cash on hand and at Banks	2,475,711	-	2,475,711
Cheques under collections	1,165,076	-	1,165,076
Account recievables – net	9,279,480	-	9,279,480
Receivables from reinsurance companies	2,045,042	-	2,045,042
Deferred Tax assets	1,116,894	-	1,116,894
Investements in affiliated company	-	1,214,871	1,214,871
Fixed assets-net	-	1,807,044	1,807,044
Other assets	826,436	-	826,436
Total assets	23,607,296	5,680,806	29,288,102
Liabilities			
Net unearned premiums provision	5,285,716	-	5,285,716
Net claims provision	6,231,281	-	6,231,281
Net accounting provision	287,399	-	287,399
Due to Banks	2,193,313	-	2,193,313
Accounts payables	3,554,029	-	3,554,029
Payables to reinsurers	1,898,085	-	1,898,085
Miscellaneous provisions	328,047	-	328,047
Income tax provision	498,981	-	498,981
Other payables	691,282	-	691,282
Total liabilities	20,968,133	-	20,968,133
Net	2,639,163	5,680,806	8,319,969

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ANALYSIS OF ASSETS AND LIABILITIES MATURITIES (continued)

2015	Up to a year	More than a year	Total
Assets:			
Deposits at bank	4,927,527	-	4,927,527
Financial asstes designated at fair value through statement of comprehensive income	12,550	-	12,550
Financial asstes designated at fair value through statement of other comprehensive income	-	3,022,638	3,022,638
Investements in affiliated company	2,463,721	-	2,463,721
Cash on hand and at Banks	1,160,387	-	1,160,387
Cheques under collections	9,060,973	-	9,060,973
Account recievables – net	2,040,221	-	2,040,221
Receivables from reinsurance companies	901,114	-	901,114
Deferred Tax assets	-	1,224,479	1,224,479
Fixed assets-net	-	1,702,564	1,702,564
Other assets	820,426	-	820,426
Total assets	21,386,919	5,949,681	27,336,600
Liabilities			
Net unearned premiums provision	5,123,310	-	5,123,310
Net claims provision	5,457,358	-	5,457,358
Net accounting provision	308,153	-	308,153
Due to Banks	2,095,708	-	2,095,708
Accounts payables	3,224,680	-	3,224,680
Payables to reinsurers	2,999,588	-	2,999,588
Miscellaneous provisions	312,238	-	312,238
Income tax provision	394,850	-	394,850
Other payables	334,808	-	334,808
Total liabilities	20,250,693	-	20,250,693
Net	1,136,226	5,949,681	7,085,907

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39- CASES HELD ON THE COMPANY

There are cases raised on the company from accidents and varied damages as at 31 December 2016 amounted JD 2,313,158 and these cases are still pending by the competent courts, And that's according to what has been said in the lawyer's letter of the company, and in management's opinion, the amounts allocated to meet the obligations that may arise from these cases are adequate.

40- CONTINGENT LIABILITIES

The Company had the contingent liability as of December 31 2016 from bank guarantees, which amount JD 3,013,312 (2015: JD 2,292,224)

41- FINANCIAL INSTRUMENTS

The Fair Value

The fair value of financial assets and financial liabilities Financial assets include cash and cash equivalents and checks under collection and receivables, securities, and include accounts payable, credit facilities and loans and credits and other financial liabilities.

First level: the market prices stated in active markets for the same financial instruments.

Level II: assessment methods depend on the input affect the fair value and can be observed directly or indirectly in the market.

Level III: valuation techniques based on inputs affect the fair value cannot be observed directly or indirectly in the market.

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 (EXPRESSED IN JORDANIAN DINAR)

<u>December 31, 2016</u>	<u>level one</u>	<u>Second Level</u>	<u>third level</u>	<u>Total</u>
Financial assets designated at fair value through statement of comprehensive income	11,453	-	-	11,453
Financial assets designated at fair value through statement of other comprehensive income	2,658,891	-	-	2,658,891
	2,670,344	-	-	2,670,344

<u>December 31, 2015</u>	<u>level one</u>	<u>Second Level</u>	<u>third level</u>	<u>Total</u>
Financial assets designated at fair value through statement of comprehensive income	12,550	-	-	12,550
Financial assets designated at fair value through statement of other comprehensive income	3,022,638	-	-	3,022,638
	3,035,188	-	-	3,035,188

The value set out in the third level reflect the cost of buying these assets rather than its fair value due to the lack of an active market for them, this is the opinion of Directors that the purchase cost is the most convenient way to measure the fair value of these assets and that there was no impairment.

42- APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Directors and authorized for issuance on February 9 , 2017.

43- COMPARITIVE FIGURES

Certain figures for 2015 have been reclassified to confirm presentation in the current year.

JORDAN FRENCH INSURANCE COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

Statement of financial position of the branch of life insurance as at 31 December

	2016	2015
Assets		
Deposits at banks	1,122,168	830,028
Totals investments	1,122,168	830,028
Cash on hand and bank balances	183,819	109,656
Notes receivables	172,219	79,979
Accounts receivable – net	446,774	769,504
Accounts insurers – debtors	202,902	149,785
Other assets	74,418	65,308
Total assets	2,202,300	2,004,260
Liabilities and shareholder's equity		
Liabilities		
Claims provision – net	19,242	23,683
Mathematical provision – net	287,399	308,153
Total insurance contracts liabilities	306,641	331,836
Accounts payable	12,050	11,640
Accounts payable reinsurers	14,574	14,333
Other Liabilities	3,080	2,800
Total Liabilities	336,345	360,609
Shareholders' equity		
Retained earnings	1,865,955	1,643,651
Total shareholders' equity	1,865,955	1,643,651
Total liabilities and shareholders' equity	2,202,300	2,004,260